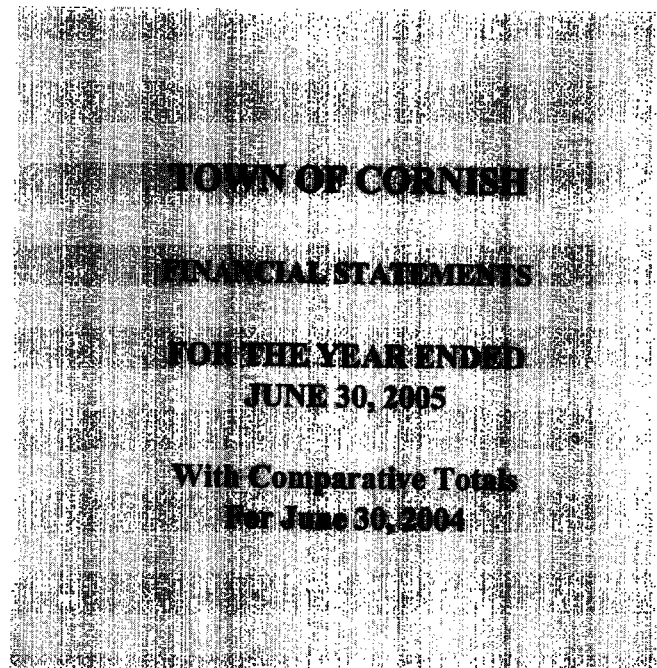




Peterson  
Allred  
Jackson



▪ Certified Public Accountants  
Business Consultants

2100 North Main • North Logan, Utah 84341

Phone (435) 752-6441

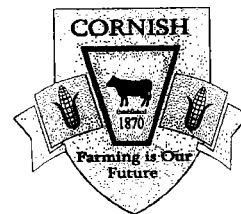
Fax (435) 752-6451

Email [firm@pajcpa.com](mailto:firm@pajcpa.com)

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## **INTRODUCTORY SECTION**



## Cornish Town Corporation

P.O. Box 80028 Cornish, UT 84308-0028

Mayor, John Dyer Pitcher

Councilmember, Allen Law  
Councilmember, Joseph Creech

Councilmember, Brad Fisher  
Councilmember, Erma Naegle

December 1, 2005

Cornish Town Council  
Cornish, Utah

### Council:

It is with great pleasure that the financial statements for the Town of Cornish for the year ended June 30, 2005, are presented.

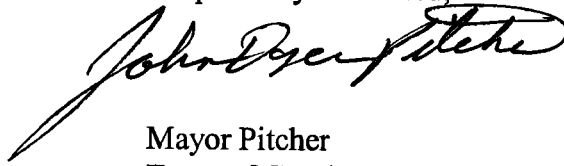
In addition to the fund financial information currently presented in the Town's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the Town including all capital assets (including infrastructure) and the Statement of Activities that shows the cost of providing government services.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and compiled in accordance with statements on standards for accounting and review services issued by the American Institute of Certified Public Accountants by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2005, in accordance with these requirements.

This report consists of management's representations concerning the finances of the Town of Cornish. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the Town from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

I wish to express my appreciation to all members of the Town who assisted and contributed to the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script, reading "John Dyer Pitcher". The signature is written in black ink and is positioned above the printed name.

Mayor Pitcher  
Town of Cornish

**FINANCIAL SECTION**

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Peterson  
Allred  
Jackson

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## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Town Council  
Town of Cornish  
Cornish, Utah

We have compiled the financial statements of the Town of Cornish, Utah (the Town), as of and for the year ended June 30, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of officials of the Town of Cornish. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis on pages 9 - 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit or review the information and express no opinion on it.

*Peterson Allred Jackson*

December 1, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Cornish, we offer readers of the Town of Cornish's financial statements this narrative overview and analysis of the financial activities of the Town of Cornish for the fiscal year ended June 30, 2005.

### FINANCIAL HIGHLIGHTS

- The total net assets of \$1,165,650 is made up of \$992,615 in capital assets net of related debt and \$173,035 in other net assets.
- In the General Fund, new road improvements of \$85,000 were completed.
- Total long-term liabilities of the Town were reduced by \$13,362.

### REPORTING THE TOWN AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the Town of Cornish's basic financial statements. The Town of Cornish's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

**The government-wide financial statements** are designed to provide readers with a broad overview of the Town of Cornish's finances, in a manner similar to a private-sector business.

- The statement of net assets presents information on all of the Town of Cornish's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Cornish is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- The statement of activities presents information showing how the Town's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the Town of Cornish that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 15 & 16 of this report.

## REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cornish also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds, and proprietary funds.

- Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund.

- Proprietary funds - The Town of Cornish maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Cornish uses enterprise funds to account for its Water Utility.

As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cornish, assets exceed liabilities by \$1,165,650.

By far the largest portion of the Town of Cornish's net assets (85%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 171,164	\$ 154,553	\$ 232,946	\$ 225,926
Capital assets	<u>206,865</u>	<u>149,565</u>	<u>989,339</u>	<u>1,018,447</u>
Total assets	<u>378,029</u>	<u>304,118</u>	<u>1,222,285</u>	<u>1,244,373</u>
Long-term debt outstanding	—	—	203,589	216,951
Other liabilities	<u>105,312</u>	<u>20,942</u>	<u>125,763</u>	<u>117,355</u>
Total liabilities	<u>105,312</u>	<u>20,942</u>	<u>329,352</u>	<u>334,306</u>
Net assets:				
Invested in capital assets, net of debt	206,865	149,565	785,750	801,496
Restricted	3,071	48,082	26,923	26,839
Unrestricted	<u>62,781</u>	<u>85,529</u>	<u>80,260</u>	<u>81,732</u>
Total net assets	<u>\$ 272,717</u>	<u>\$ 283,176</u>	<u>\$ 892,933</u>	<u>\$ 910,067</u>

## CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Program revenues:				
Charges for services	\$ 16,589	\$ 18,830	\$ 49,381	\$ 45,292
Capital grants & contributions	81	20,025	—	—
Operating grants & contributions	14,958	171	—	—
General revenues:				
Property taxes	19,676	18,507	—	—
Other taxes	20,429	19,116	—	—
Investment income	2,671	1,823	1,782	1,216
Other revenues	<u>70</u>	<u>60</u>	<u>—</u>	<u>—</u>
Total revenues	<u>74,474</u>	<u>78,532</u>	<u>51,163</u>	<u>46,508</u>
Expenses:				
General government	21,306	20,590	—	—
Public safety	1,820	2,052	—	—
Highways/public improvements	55,639	42,491	—	—
Parks & recreation	6,168	6,276	—	—
Water	<u>—</u>	<u>—</u>	<u>68,297</u>	<u>55,931</u>
Total expenses	<u>84,933</u>	<u>71,409</u>	<u>68,297</u>	<u>55,931</u>
Increase (decrease) in net assets	(10,459)	7,123	(17,134)	(9,423)
Net assets, beginning of year	<u>283,176</u>	<u>276,053</u>	<u>910,067</u>	<u>919,490</u>
Net assets, end of year	<u>\$ 272,717</u>	<u>\$ 283,176</u>	<u>\$ 892,933</u>	<u>\$ 910,067</u>

## **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

As of June 30, 2005, the Town's governmental fund (General) reported a fund balance of \$65,852. This represents an decrease of \$67,759 (51%) over last year's ending balances.

The General Fund is the chief operating fund of the Town. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 54% of total general fund revenues. The largest element of taxes is property taxes. It represents 51% of total tax revenues and represents 27% of total general fund revenues. This compares with 24% in the prior fiscal year ended June 30, 2004.

As stated earlier, the Town maintains one enterprise fund to account for the business-type activities of the Town. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

Significant changes in the governmental funds includes road improvements with a cost of \$85,000.

Significant changes in business-type activities include a \$13,362 decrease in debt due to regular principal payments.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year the General Fund original budget was amended from an original budget expenditure total of \$98,600 to a final budget of \$159,600. Expenditures increased in the administration and streets departments.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets- The Town of Cornish's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$1,196,204, net of accumulated infrastructure (streets, etc.), and machinery and equipment. The total increase in the Town's investment in fixed assets for the current year was 2.4% (due to new purchases exceeding depreciation).

## TOWN OF CORNISH'S CAPITAL ASSETS

	Governmental Activities	Business-type Activities
Land	\$ 12,750	\$ 59,670
Buildings and improvements	45,513	28,270
System improvements	--	1,329,071
Infrastructure	425,200	--
Machinery & equipment	56,585	7,236
Less: Accumulated depreciation	<u>(33,183)</u>	<u>(434,908)</u>
Total	<u>\$ 206,865</u>	<u>\$ 989,339</u>

Additional information on the Town's capital assets can be found in the footnotes to this financial report.

Long-term debt - At June 30, 2005, the Town had total bonded debt outstanding of \$203,589. Of this amount \$203,589 is debt which is secured solely by specific revenue sources (i.e., revenue bonds).

## TOWN OF CORNISH'S OUTSTANDING DEBT

	Business-type Activities
Revenue bonds	<u>\$ 203,589</u>
Total outstanding debt	<u>\$ 203,589</u>

The Town's total debt decreased by \$13,362 during the fiscal year.

Additional information on the outstanding debt obligations of the Town can be found in the footnotes to this report.

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**TOWN OF CORNISH**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**  
**With Comparative Totals at June 30, 2004**

ASSETS	Governmental Activities	Business-type Activities	2005 Total	2004 Total
Cash	\$ 146,070	\$ 91,392	\$ 237,462	\$ 169,551
Account receivable	1,581	6,234	7,815	7,837
Taxes receivable	20,442	-	20,442	20,318
Restricted taxes receivable	3,071	-	3,071	4,991
Restricted cash	-	135,320	135,320	177,782
Capital assets				
Land	12,750	59,670	72,420	72,420
Buildings and improvements	45,513	28,270	73,783	73,783
System improvements	-	1,329,071	1,329,071	1,329,071
Infrastructure	425,200	-	425,200	340,200
Machinery & equipment	56,585	7,236	63,821	63,821
Less: Accumulated Depreciation	(333,183)	(434,908)	(768,091)	(711,283)
Total assets	<u>\$ 378,029</u>	<u>\$ 1,222,285</u>	<u>\$ 1,600,314</u>	<u>\$ 1,548,491</u>
LIABILITIES				
Accounts payable	85,312	17,366	102,678	10,545
Land retainage	-	108,397	108,397	107,752
Bonds payable:				
Due within one year	-	13,385	13,385	13,318
Due in more than one year	-	190,204	190,204	203,633
Deferred revenue	20,000	-	20,000	20,000
Total liabilities	<u>105,312</u>	<u>329,352</u>	<u>434,664</u>	<u>355,248</u>
NET ASSETS				
Invested in capital assets, net of related debt	206,865	785,750	992,615	951,061
Restricted for:				
Debt service	-	22,657	22,657	22,657
Roads and town improvements	3,071	4,266	7,337	52,264
Unrestricted	62,781	80,260	143,041	167,261
Total Net Assets	<u>\$ 272,717</u>	<u>\$ 892,933</u>	<u>\$ 1,165,650</u>	<u>\$ 1,193,243</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**  
**With Comparative Totals for June 30, 2004**

	Program Revenues			Net	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 21,306	\$ 1,831	\$ -	\$ -	\$ (19,475)
Public Safety	1,820	1,976	81	-	237
Highways & public improvements	55,639	12,392	-	14,958	(28,289)
Parks, recreation & public property	6,168	390	-	-	(5,778)
Total governmental activities	84,933	16,589	81	14,958	(53,305)
<b>Business-type activities:</b>					
Water	68,297	49,381	-	-	(18,916)
Total business-type activities	68,297	49,381	-	-	(18,916)

<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes levied for general purposes			19,676	-	19,676
Franchise taxes			87	-	87
General sales taxes & highway sales taxes			20,342	-	20,342
Business licenses			70	-	70
Investment income			2,671	1,782	4,453
Total general revenues & transfers			42,846	1,782	44,628
Change in net assets			(10,459)	(17,134)	(27,593)
Net assets - beginning			283,176	910,067	1,193,243
Net assets - ending			\$ 272,717	\$ 892,933	\$ 1,165,650

See accompanying notes and accountant's report.

**TOWN OF CORNISH**  
**GOVERNMENTAL FUNDS TYPE**  
**BALANCE SHEET**  
**JUNE 30, 2005**  
**With Comparative Totals for June 30, 2004**

	Total Governmental Funds	
	2005	2004
<b>ASSETS</b>		
Cash	\$ 146,070	\$ 84,693
Accounts receivable	1,581	1,460
Taxes receivable	20,442	20,318
Restricted assets:		
Cash	-	43,091
Taxes receivable	3,071	4,991
Total assets	<u>\$ 171,164</u>	<u>\$ 154,553</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 85,312	\$ 942
Deferred revenue	20,000	20,000
Total liabilities	<u>105,312</u>	<u>20,942</u>
Fund Balance:		
Reserved for roads	3,071	48,082
Unreserved - undesignated	62,781	85,529
Total fund balance	<u>65,852</u>	<u>133,611</u>
Total liabilities and fund balance	<u>\$ 171,164</u>	<u>\$ 154,553</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 206,865	\$ 149,565
Fund balance, governmental fund	<u>65,852</u>	<u>133,611</u>
Net assets reconciled to the Statement of Activities	<u>\$ 272,717</u>	<u>\$ 283,176</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH  
GOVERNMENTAL FUNDS TYPE  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	<u>Total Governmental Funds</u>	
	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Taxes & special assessments	\$ 40,105	\$ 37,623
Licenses and permits	116	439
Intergovernmental	15,039	20,196
Charges for services	14,758	14,838
Fines and forfeitures	1,774	3,613
Investment income	2,671	1,823
Miscellaneous	11	-
	<u>74,474</u>	<u>78,532</u>
<b>Total revenues</b>		
<b>Expenditures:</b>		
Current:		
General government	19,485	18,769
Public safety	1,820	2,052
Highways & public improvements	115,838	36,648
Parks, recreation & public property	5,090	5,198
	<u>142,233</u>	<u>62,667</u>
<b>Total expenditures</b>		
Excess of revenues over expenditures	(67,759)	15,865
Fund balances, beginning of year	<u>133,611</u>	<u>117,746</u>
Fund balances, end of year	<u>\$ 65,852</u>	<u>\$ 133,611</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds \$ (67,759)

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

57,300

Change in net assets of governmental activities

\$ (10,459)

**TOWN OF CORNISH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2005**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Taxes:				
General property taxes	\$ 17,300	\$ 17,300	\$ 19,676	\$ 2,376
General sales & use taxes	17,000	17,000	20,342	3,342
Franchise taxes	-	-	87	87
Total taxes	<u>34,300</u>	<u>34,300</u>	<u>40,105</u>	<u>5,805</u>
Licenses & permits:				
Business licenses & permits	50	50	70	20
Non-business licenses & permits	<u>100</u>	<u>100</u>	<u>46</u>	<u>(54)</u>
Total licenses & permits	<u>150</u>	<u>150</u>	<u>116</u>	<u>(34)</u>
Intergovernmental revenues:				
Class "C" roads	18,000	18,000	14,958	(3,042)
State liquor allotment	<u>150</u>	<u>150</u>	<u>81</u>	<u>(69)</u>
Total intergovernmental revenues	<u>18,150</u>	<u>18,150</u>	<u>15,039</u>	<u>(3,111)</u>
Charges for services:				
Sanitation	13,500	13,500	12,392	(1,108)
Parks & recreation	-	-	390	390
Communication center	<u>-</u>	<u>-</u>	<u>1,976</u>	<u>1,976</u>
Total charges for services	<u>13,500</u>	<u>13,500</u>	<u>14,758</u>	<u>1,258</u>
Fines and forfeitures	<u>2,000</u>	<u>2,000</u>	<u>1,774</u>	<u>(226)</u>
Miscellaneous:				
Interest	1,600	1,600	2,671	1,071
Other	<u>150</u>	<u>150</u>	<u>11</u>	<u>(139)</u>
Total Miscellaneous	<u>1,750</u>	<u>1,750</u>	<u>2,682</u>	<u>932</u>
Total Revenues	<u>\$ 69,850</u>	<u>\$ 69,850</u>	<u>\$ 74,474</u>	<u>\$ 4,624</u>

See accompanying notes and accountant's report

**TOWN OF CORNISH**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**(CONTINUED)**  
**YEAR ENDED JUNE 30, 2005**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES				
General government:				
Administration	\$ 27,400	\$ 33,400	\$ 19,485	\$ 13,915
Total general government	27,400	33,400	19,485	13,915
Public Safety:				
Communication center	2,000	2,000	1,820	180
Total Public Safety	2,000	2,000	1,820	180
Highways & public improvements:				
Streets	50,000	102,000	102,440	(440)
Sanitation	14,000	14,000	13,398	602
Total highways & improvements	64,000	116,000	115,838	162
Parks, Recreation & Public Property:				
Parks and open spaces	5,200	8,200	5,090	3,110
Total parks, recreation & public property	5,200	8,200	5,090	3,110
TOTAL EXPENDITURES	98,600	159,600	142,233	17,367
Net change in fund balance	(28,750)	(89,750)	(67,759)	21,991
Fund Balance at beginning of year	133,611	133,611	133,611	-
Fund Balance at end of year	<u>\$ 104,861</u>	<u>\$ 43,861</u>	<u>\$ 65,852</u>	<u>\$ 21,991</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	<u>WATER UTILITIES 2005</u>	<u>WATER UTILITIES 2004</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 91,392	\$ 84,858
Accounts receivable	6,234	6,377
Restricted cash	<u>135,320</u>	<u>134,691</u>
Total current assets	<u>232,946</u>	<u>225,926</u>
Capital assets		
Land	59,670	59,670
Buildings and improvements	28,270	28,270
System improvements	1,329,071	1,329,071
Equipment	7,236	7,236
Less Accumulated depreciation	<u>(434,908)</u>	<u>(405,800)</u>
Total capital assets	<u>989,339</u>	<u>1,018,447</u>
<b>TOTAL ASSETS</b>	<u><b>1,222,285</b></u>	<u><b>1,244,373</b></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	<u>17,366</u>	<u>9,603</u>
Total current liabilities	<u>17,366</u>	<u>9,603</u>
Long-term liabilities:		
Land retainage	108,397	107,752
Bonds payable - due within a year	13,385	13,318
Due in more than one year	<u>190,204</u>	<u>203,633</u>
Total long -term liabilities	<u>311,986</u>	<u>324,703</u>
Total liabilities	<u>329,352</u>	<u>334,306</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	785,750	801,496
Restricted	26,923	26,839
Unrestricted	<u>80,260</u>	<u>81,732</u>
Total net assets	<u><b>\$ 892,933</b></u>	<u><b>\$ 910,067</b></u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005**

**With Comparative Totals for June 30, 2004**

	<u>WATER UTILITIES 2005</u>	<u>WATER UTILITIES 2004</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 46,661	\$ 44,848
Other operating revenues	<u>2,720</u>	<u>444</u>
Total operating revenues	<u>49,381</u>	<u>45,292</u>
<b>OPERATING EXPENSES</b>		
Salary and wages	1,807	1,302
Other operating expenses	23,940	13,693
Supplies	9,388	8,615
Depreciation	<u>29,108</u>	<u>29,243</u>
Total operating expenses	<u>64,243</u>	<u>52,853</u>
Operating income (loss)	<u>(14,862)</u>	<u>(7,561)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	1,782	1,216
Interest charges	<u>(4,054)</u>	<u>(3,078)</u>
Total non-operating revenue (expense)	<u>(2,272)</u>	<u>(1,862)</u>
Change in net assets	(17,134)	(9,423)
Total net assets - beginning	<u>910,067</u>	<u>919,490</u>
Total net assets -ending	<u>\$ 892,933</u>	<u>\$ 910,067</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005  
With Comparative Totals for June 30, 2004**

	<u>WATER UTILITIES 2005</u>	<u>WATER UTILITIES 2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 49,524	\$ 45,058
Payments to employees	(1,807)	(1,302)
Payments to suppliers	(24,920)	(13,745)
	<u>22,797</u>	<u>30,011</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on capital debt	(13,362)	(13,253)
Interest paid on capital debt	(4,054)	(3,078)
	<u>(17,416)</u>	<u>(16,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,782	1,216
	<u>1,782</u>	<u>1,216</u>
<b>Net increase in cash and cash equivalents</b>	7,163	14,896
<b>Cash and equivalents at beginning of year</b>	219,549	204,653
	<u>\$ 226,712</u>	<u>\$ 219,549</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (14,862)	\$ (7,561)
<b>Adjustments to reconcile net income from operations to net cash provided by operating activities:</b>		
Depreciation	29,108	29,243
Changes in assets & liabilities:		
Decrease (increase) in receivables	143	(234)
Increase (decrease) in accruals	8,408	8,563
	<u>37,659</u>	<u>37,572</u>
<b>Total adjustments</b>	<u>37,659</u>	<u>37,572</u>
<b>Net cash provided (used) by operating activities:</b>	<u>\$ 22,797</u>	<u>\$ 30,011</u>

See accompanying notes and accountant's report.

**TOWN OF CORNISH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**Note 1: Summary of significant accounting policies**

**Reporting entity**

The basic financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparations of the accompanying financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation.**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Town applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term debt of the Town are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-services expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water Utility accounts for the activities of the Town's water production, treatment, and distribution operations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Fixed assets and long-term liabilities

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Prior to the audit for the year ended June 30, 1982, a list of general fixed assets was not kept. At the time of that audit, an inventory of general fixed assets was taken and entered on the books. When actual costs were not available, the assets were recorded at estimated cost.

Depreciation of all exhaustible fixed assets used is charged as an expense against their operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Water and sewer system improvements	40-50 years
Buildings	20-30 years
Machinery and equipment	5-10 years
Roads and infrastructure	20 years
Improvements other than buildings	20 years

## Property Tax

Cache County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The Town should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 16 of the following year, delinquent taxes and penalty bear interest at 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

## Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not

employed by the Town in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

The Town can make adjustments to the adopted budget through public hearings. During the fiscal year, the Town made budget adjustments through a public hearing, the effects of which were not material.

#### Capitalized Interest

The Town capitalizes interest costs and interest earned as part of the cost of constructing various buildings, and water projects when material. Interest is only capitalized in proprietary activities.

#### Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the business-type activities considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### Reconciliation of government-wide and fund financial statements

##### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

##### Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 540,048
Accumulated depreciation	<u>(333,183)</u>
Total difference	<u>\$ 206,865</u>

B. Explanation of differences between governmental fund operating statements and the statement of net activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 85,000
Depreciation expense	<u>(27,700)</u>
Net difference as reported	<u>\$ 57,300</u>

**Note 2: Legal Compliance - Budgets/Statutory**

On or before the first scheduled council meeting in May, all agencies of the Town submit requests for appropriation to the Town's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the Town council for review at the first scheduled meeting in May. The Town council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the Town financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that Town officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

**Note 3: Cash**

The Town follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of Town funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of, and adhering to, the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the Town and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. All cash and invested accounts are insured, registered, or held by the Town or its agent in the Town's name.

All cash and savings accounts are deposited in the following accounts. Of the bank deposit balances \$234,485 was covered by FDIC insurance and \$8,397 was not insured.

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
<u>Checking:</u>			
Lewiston State Bank - Insured (FDIC)	\$ 96,095	\$ 97,829	Pool
<u>Money Market:</u>			
Lewiston State Bank - Insured (FDIC)	36,656	36,656	Pool
Wells Fargo Bank- Insured (FDIC)	108,397	108,397	Water
State Treasurer's Investment Pool	131,634	131,634	Pool

**Note 4: Accounts receivable**

Accounts receivable as of June 30, 2005, are due as follows:

<u>General fund:</u>	
Garbage	\$ 1,329
Communication center	252
Property taxes	<u>20,442</u>
Total general	<u>22,023</u>
<u>Water fund:</u>	
Water service	<u>6,234</u>
Total water	<u>6,234</u>
Total accounts receivable	<u>\$ 28,257</u>

**Note 5: Restricted assets**

The total restricted assets on the balance sheet are comprised of the following cash and receivables:

<u>General fund:</u>	
Accounts receivable - Class C	<u>\$ 3,071</u>
Total general fund	<u>\$ 3,071</u>
<u>Water fund:</u>	
Cash - revenue bond sinking/reserve	\$ 22,657
Cash- land retainage	108,397
Cash- impact fees	<u>4,266</u>
Total water fund	<u>\$135,320</u>

**Note 6: General fixed assets**

General fixed asset changes occurring for the year ended June 30, 2005, are as follows:

	Balance July 1, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2005</u>
Land:				
Town	\$ 2,500	\$	\$	\$ 2,500
Land under roads	<u>10,250</u>	<u>          </u>	<u>          </u>	<u>10,250</u>
Total	<u>12,750</u>	<u>          </u>	<u>          </u>	<u>12,750</u>
Buildings:				
Town hall	<u>45,513</u>	<u>          </u>	<u>          </u>	<u>45,513</u>
Total	<u>45,513</u>	<u>          </u>	<u>          </u>	<u>45,513</u>
Infrastructure	<u>340,200</u>	<u>85,000</u>	<u>          </u>	<u>425,200</u>
Furniture, fixtures and equipment:				
General government	10,812			10,812
Streets	24,212			24,212
Parks	<u>21,561</u>	<u>          </u>	<u>          </u>	<u>21,561</u>
Total	<u>56,585</u>	<u>          </u>	<u>          </u>	<u>56,585</u>
 TOTAL ASSETS	<u>455,048</u>	<u>85,000</u>	<u>          </u>	<u>540,048</u>
 Accumulated depreciation	<u>(305,483)</u>	<u>(27,700)</u>	<u>          </u>	<u>(333,183)</u>
 TOTAL ASSETS	<u>\$149,565</u>	<u>\$ 57,300</u>	<u>\$</u>	<u>\$206,865</u>

Depreciation related to general fixed assets is as follows:

General	\$ 1,821
Streets	24,801
Parks	<u>1,078</u>
Total	<u>\$ 27,700</u>

**Note 7: Accounts Payable**

Accounts payable consist of amounts incurred and due at June 30, 2005, but which had not been paid.

### Note 8: Changes in long-term debt

The following is a summary of long-term debt transactions of the Town's proprietary fund types for the year ended June 30, 2005:

Bonds payable at July 1, 2004	\$ 216,951
Less: Regular payment of principal	<u>(13,362)</u>
Bonds payable at June 30, 2005	<u>\$ 203,589</u>

Bonds payable at June 30, 2005, are comprised of the following issues:

#### Water fund:

\$74,100 water revenue bonds due to Farmers Home Administration in monthly installments of \$361, which includes interest on the unpaid principal balance at an annual rate of 5.0%. Payments commenced on September 25, 1991 and continue each month until retirement on September 25, 2030.	\$ 59,589
\$300,000 water revenue bonds due to the State of Utah Drinking Water Board in annual installments of \$12,000. The bonds bear no interest rate. Payments are to be made by January 1 of each year until retirement on January 1, 2017.	<u>144,000</u>
Total	<u>\$203,589</u>

All water fund bond agreements require an amount be set aside and held in reserve to meet scheduled payments as they come due. A portion of the fund's assets have been restricted to meet this provision.

The following is a summary of bond principal maturities and interest requirements:

Year Ending June 30	Water Revenue Bonds Outstanding
2006	\$ 16,332
2007	16,332
2008	16,332
2009	16,332
2010	16,332
2011 - 2015	81,660
2016 - 2020	45,660
2021 - 2025	21,660
2026 - 2029	<u>14,381</u>
Total	245,021
Less Interest	<u>(41,432)</u>
Outstanding Principal	<u>\$ 203,589</u>

#### Note 9: Utility users

Cornish Town's utility services are utilized by residential users only and as of June 30, 2005, the number of users and rates are as follows:

	<u>Water</u>
Residential	105
Commercial	<u>3</u>
Total	<u>108</u>

Water rates:

Standard monthly services	\$ 23.00
Additional cost over flat fee	.60 per 1,000 gallons

Garbage rates:

Std. residential service- 60 gallon	\$ 8.65
Std. residential service- 90 gallon	\$ 12.50
Multi-unit complex	\$ 12.50
Standard commercial	*

\*Determined by service area according to volume and number of pickups.

#### Note 10: Insurance and bond coverage

Cornish has insurance and bonding coverage as follows:

<u>Carrier</u> <u>Expiration</u>	<u>Description</u>	<u>Limits</u>	
Scottdale Indemnity Co. Policy Number PEI0004723	Commercial general liability - property and building	\$2,000,000 aggregate 1,000,000 per occurrence	7/01/05
Scottdale Indemnity Co. Policy Number WAI0001075	Automobile liability	1,000,000	7/01/05
Scottdale Indemnity Co. Policy Number PEI0004723	Public officials errors and omissions	1,000,000	7/01/05
Allied Policy Number BD-7900541371	Mayor Treasurer	29,000 29,000	9/24/05

**Note 11: Segment information**

The following information is presented for the water utility fund of Cornish Town:

	Balance <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2005</u>
<b><u>Water fund:</u></b>				
Fixed assets	\$ 1,424,247	\$ --	\$	\$ 1,424,247
Accumulated depreciation	405,800	29,108		434,908

Net working capital for the water utility fund is calculated as follows:

	<u>Water Fund</u>
Current assets:	
Cash	\$ 91,392
Receivables	6,234
Less current liabilities:	
Accounts payable	(17,366)
Current portion of long-term debt	<u>(13,385)</u>
Net Working Capital	<u>\$ 66,875</u>

**Note 12: Refundable deposits**

The Town requires a security deposit from utility users who rent property from non-resident landlords. The deposit, reported as a liability in the water fund, covers garbage pickup and water service charges. Security deposits in the water utility fund of \$100 were held by the Town at June 30, 2005.

**Note 13: Reserved fund equity**

Amounts reported on the combined balance sheet identified as reserved fund balance and reserved retained earnings are comprised of the following:

General fund:	
Reserved - Class C roads	\$ 3,071
Water fund (retained earnings):	
Reserved - sinking/reserve requirements	22,657
Reserved - impact fees	<u>4,266</u>
Total reserved fund equity	<u>\$ 29,994</u>

**Note 14: Land Retainage**

In 1979 Cornish Town filed a lawsuit to obtain water rights to Pearson and Griffiths Springs. In order to obtain the needed right of way to the springs, Cornish condemned a parcel of land. The property value of land condemned, as determined by the courts, was placed in an escrow account and has remained intact with interest earned.

**SUPPLEMENTAL SECTION**



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

## **INDEPENDENT ACCOUNTANT'S REPORT ON STATE LEGAL COMPLIANCE**

Honorable Mayor and Town Council  
Town of Cornish  
Cornish, Utah

We have compiled the financial statements of the Town of Cornish, Utah (the Town), as of and for the year ended June 30, 2005, and have issued our report thereon dated December 1, 2005. As part of our compilation, we have observed the Town's compliance with requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our observation also included test work on the Town's compliance with those general compliance requirements identified in the, State of Utah Legal Compliance Audit Guide, including:

Public Debt	B & C Road Funds
Cash Management	Truth in Taxation and
Purchasing Requirements	Property Tax Limitations
Budgetary Compliance	Other Compliance Requirements
Impact fees	

The management of the Town is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to summarize compliance with those requirements based on our compilation.

The results of our procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter.

We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards are limited primarily to presenting in the form of financial statements information that is the representation of the officials of the Town of Cornish. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Peterson Alfred Jackson

December 1, 2005



Peterson  
Allred  
Jackson

▪ Certified Public Accountants  
Business Consultants

December 1, 2005

Honorable Mayor and Town Council  
Town of Cornish  
Cornish, Utah

Dear Mayor Pitcher:

In planning and performing our compilation of the financial statements of Cornish, Utah (the Town), for the year ended June 30, 2005, we developed the following recommendations concerning certain matters related to compliance, internal control structure (other than "reportable conditions"), and certain administrative and operating matters. These recommendations resulted from our observations made in connection with our compilation of the Town's financial statements for the year ended June 30, 2005, and are not based on a special study. Our comments and principal recommendations are summarized below.

#### **PRIOR YEAR FINDINGS**

**Finding:** *Bank deposits.* The Town does not, on all occasions, make their bank deposits within a three day period of receiving monies.

**Recommendation:** We recommend the receipting and depositing of utility billings within a three day period from the day received.

**Management response:** The Town will deposit funds within three days of receipt.

**Status:** The Town is depositing funds within three days of obtaining the money.

**Finding:** *Unreserved Fund Balance.* The unreserved general fund balance was in excess of which is permitted by State Law by approximately \$44,000.

**Recommendation:** Reduce the excess fund balance through current year expenditures or through transfers to a capital projects fund if needed.

Management response: The Town is currently planning a large amount of funds to be used for the roads during the next year.

Status: The general unreserved fund balance was in excess at 6/30/05. See current year finding.

## CURRENT YEAR FINDINGS

Finding: *Unreserved Fund Balance.* The unreserved general fund balance was in excess of which is permitted by State Law by approximately \$12,000.


Recommendation: Reduce the excess fund balance through current year expenditures or through transfers to a capital projects fund if needed.

Management response: The excess funds will be used for road projects during the 2006 fiscal year.

In conclusion, we wish to recognize all personnel and administrators for their excellent service provided to the Town of Cornish. We wish to specially thank Amy Murphy for her help in completing this engagement. The performance by the Town of necessary procedures needed to produce accurate accounting records has made this an enjoyable experience for us, and we would like to thank the Town for the opportunity to serve you.

Very truly yours,

PETERSON ALLRED JACKSON

  
Alan D. Allred, CPA